

REMARKS/ARGUMENTS

Prior to the entry of this Amendment, claims 1-45 were pending in this application. No claims have been amended, no claims have been added, and no claim have been canceled herein. Therefore, claims 1-45 remain pending in this application. The Applicant respectfully requests reconsideration of these claims for at least the reasons presented below.

35 U.S.C. § 101 Rejection, Non-statutory matter

The Office Action has rejected claims 1, 5, 15, 24, 26, 37, and 45 under 35 U.S.C. § 101 as allegedly directed to non-statutory subject matter. More specifically, the rejection argues that:

“Applicant’s claims are directed to an algorithm. Specifically, claim 1 recites ‘comparing’, ‘determining’ and ‘, however these steps are mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, for example) and abstract ideas without a practical application are found to be non-statutory subject matter. Therefore, Applicant’s claims are non-statutory as they do not produce a useful, concrete and tangible result.

Regarding claim 5, the Applicants respectfully point out that the preamble of the claim clearly recites “a computerized apparatus.” Furthermore, the elements of this claim clearly recite “a computer processor.” The Applicants respectfully contend that these recitations are clearly directed to a “machine” and thus place claim 5 within the patentable subject matter specifically enumerated by 35 U.S.C. §101, i.e., a “process, machine, manufacture, or composition of matter” as recited by 35 U.S.C. §101. While claim 5 also recites functions performed by the apparatus, the Applicants contend that these recitations do not take the claim outside of the patentable subject matter enumerated by 35 U.S.C. §101. As stated in MPEP § 2106:

“[A] claimed invention may be a combination of devices that appear to be directed to a machine and one or more steps of the functions performed by the machine. Such instances of mixed attributes, although potentially confusing as to which category of patentable subject matter the claim belongs, does not affect the analysis to be performed by USPTO personnel. Note that an apparatus claim with process steps is not classified as a “hybrid” claim; instead, it is simply an apparatus claim including functional limitations. See, e.g., *R.A.C.C. Indus. v. Stun-Tech, Inc.*, 178 F.3d 1309 (Fed. Cir. 1998) (unpublished).

Therefore, the Applicants maintain that the apparatus of claim 5 and the elements thereof (i.e., a computer processor) are clearly directed to a “machine” and any functional language recited therein does not take the claim outside of the patentable subject matter enumerated by 35 U.S.C. §101. That is, the Applicants respectfully argue that the fact that a processor executes code (i.e., an algorithm) does not change the physical nature of the processor itself to something abstract. For at least these reasons, the Applicant’s respectfully request withdrawal of the rejection.

Similarly, claim 24 clearly recites “an apparatus.” Furthermore, the elements of this claim clearly recite “a computer processor.” For reasons such as expressed above, the Applicants maintain that the apparatus of claim 24 and the elements thereof (i.e., a computer processor) are clearly directed to a “machine” and any functional language recited therein does not take the claim outside of the patentable subject matter enumerated by 35 U.S.C. §101. For at least these reasons, the Applicant’s respectfully request withdrawal of the rejection.

Regarding claims 37, the Applicants respectfully point out that the preamble of the claim clearly recites “a computerized system.” Furthermore, the elements of this claim clearly recite “a point-of-sale device,” “a database,” “a computer processor,” and “a check authorization system.” The Applicants respectfully contend that these recitations are clearly directed to a “machine” and thus place claim 37 within the patentable subject matter specifically enumerated by 35 U.S.C. §101, i.e., a “process, machine, manufacture, or composition of matter” as recited by 35 U.S.C. §101, and any functional language recited therein does not take the claim

outside of the patentable subject matter enumerated by 35 U.S.C. §101. For at least these reasons, the Applicant's respectfully request withdrawal of the rejection.

Similarly, claim 45 clearly recites "a system." Furthermore, the elements of this claim clearly recite various "means for" performing various functions. For reasons such as expressed above, the Applicants maintain that the system of claim 45 and the elements thereof are clearly directed to a "machine" and any functional language recited therein does not take the claim outside of the patentable subject matter enumerated by 35 U.S.C. §101. For at least these reasons, the Applicant's respectfully request withdrawal of the rejection.

Regarding claims 1, 15, and 26, the Applicants note that the preambles of each of these claims recite "a computerized method." As such, the claims are thought to be sufficiently related to a machine (a computer) as to place the claim within the realm of statutorily enumerated patentable subject matter. As for the statement that "Applicant's claims are non-statutory as they do not produce a useful, concrete and tangible result", the Applicants respectfully point to the recitation of claim 1 that includes "displaying with the point-of-sale device an indication of whether to accept the payroll check based on determining whether to authorize the caching of the payroll check." Similarly, claim 15 recites "indicating to the entity whether to accept the check based at least in part on the risk score." Claim 26 similarly recites "indicating to an entity whether to accept the negotiable instrument based at least in part on the risk score." The Applicants contend that these recitations provides useful, concrete, and tangible results, thus further solidifying the position of claims 1, 15, and 26 within the realm of patentable subject matter. For at least these reasons, the Applicant's respectfully request withdrawal of the rejections.

35 U.S.C. § 103 Rejection, Carr in view of Rees

The Office Action rejected claims 1-45 under 35 U.S.C. § 103(a) as being unpatentable over U. S. Patent Pub. No. 2003/0056104 of Carr et al. (hereinafter “Carr”) in view of U.S. Patent Pub. No. 2003/0023555 of Rees (hereinafter Rees). The Applicants respectfully submit that the Office Action does not establish a *prima facie* case of obviousness in rejecting these claims, as amended. Therefore, the Applicants request reconsideration and withdrawal of the rejection.

In order to establish a *prima facie* case of obviousness, all claimed limitations must first be taught or suggested by the prior art. See, e.g., *DyStar Textilfarben GmbH & Co. Deutschland KG v. C.H. Patrick Co.*, 464 F.3d 1356, 1360 (Fed. Cir. 2006). The Office Action must then provide an explicit analysis supporting the rejection. See *KSR Int’l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1741 (2007) (“a patent composed of several elements is not proved obvious merely by demonstrating that each of its elements was, independently, known in the prior art”). While the Office Action can use one of several exemplary rationales from the MPEP to support an obviousness rejection under *KSR*, all the rationales still require the Office Action to demonstrate that all the claim elements are shown in the prior art. See MPEP §2143. As will be discussed below, the references cited by the Office Action do not teach or suggest each claimed limitation. For example, neither of the references, alone or in combination, teach or suggest determining a risk score for a transaction, e.g., based on information about an authenticating mark such as a watermark. Furthermore, neither reference teaches or suggests determining whether to authorize the transaction based on such a risk score.

Carr is directed to “various techniques for encoding hidden information in checks and other security documents.” (Abstract) More specifically, Carr describes watermarks used to detect alterations to the check (see Carr beginning at paragraph 18), prevent washing of the check (see Carr beginning at paragraph 40), and to authenticate the check (see Carr beginning at paragraph 46) For example, Carr describes this authentication process as scanning the check

upon presentment and, if the mark is not found, considering the check to be counterfeit. However, Carr does not teach or suggest determining a risk score for a transaction, e.g., based on information about an authenticating mark such as a watermark. Rather, Carr describes authenticating a check based on whether the mark is present or not. Furthermore, Carr does not teach or suggest determining whether to authorize the transaction based on such a risk score or indicating such a determination in any way.

Rees is directed to “the delivery of financial services such as check cashing, payday loans, bill pay, money transfer, and money orders.” (paragraph 2) The system of Rees “uses a point-of-sale terminal (referred to as a PayPort), a central server (referred to as the Central Decision Engine, or CDE), an ATM, and call center software (referred to as a Transaction Center Workstation, or TCW) to initiate and fulfill the financial services.” (paragraph 15) Under Rees “the financial transactions are initiated by customers using a PayPort or an ATM, utilize clerks at the PayPort to authenticate the customer and/or the transaction, are approved or declined centrally by the Central Decision Engine, and are fulfilled at either a PayPort or an ATM.” (paragraph 15) However, Rees does not teach or suggest determining a risk score for a transaction, e.g., based on information about an authenticating mark such as a watermark. Rather, Rees describes using “pre-defined rules and internal and external databases to determine whether to approve or decline the transaction, or refer the transaction to a Transaction Center operator” (paragraph 46) but does not mention generating a risk score. Furthermore, Rees does not teach or suggest determining whether to authorize the transaction based on such a risk score.

The combination of Carr and Rees is no more relevant to the pending claims since neither reference, alone or in combination, teaches or suggests determining a risk score for a transaction, e.g., based on information about an authenticating mark such as a watermark. Rather, Carr describes authenticating a check based on whether the mark is present or not while Rees describes using pre-defined rules and internal and external databases to determine whether

to approve or decline the transaction, or refer the transaction to a Transaction Center operator but does not mention generating a risk score. Furthermore, neither reference teaches or suggests determining whether to authorize the transaction based on such a risk score.

Claim 1, upon which claims 2-4 depend, recites in part “obtaining with a point-of-sale device installed at a check-cashing entity input about at least one watermark on a payroll check presented for a proposed check-cashing transaction; comparing the input about the watermark with stored data about watermarks; determining a risk score based at least in part on the comparison; determining based at least in part on the risk score whether to authorize the cashing of the payroll check; and displaying with the point-of-sale device an indication of whether to accept the payroll check based on determining whether to authorize the cashing of the payroll check.” Neither Carr nor Rees teaches or suggests, alone or in combination, determining a risk score for a transaction, e.g., based on input about a watermark on a payroll check to saved information about such marks. Rather, Carr describes authenticating a check based on whether the mark is present or not while Rees describes using pre-defined rules and internal and external databases to determine whether to approve or decline the transaction, or refer the transaction to a Transaction Center operator but does not mention generating a risk score. Furthermore, neither reference teaches or suggests determining whether to authorize the transaction based on such a risk score. For at least these reasons, the Applicants request withdrawal of the rejection and allowance of claims 1-4.

Claim 5, upon which claims 5-14 depend, recites in part “a computer processor configured to receive information about at least one authenticating mark on a check presented to an entity, the computer processor further configured to determine a risk score associated with accepting the check, wherein the risk score is based at least in part on the information about the authenticating mark, the computer processor further configured to indicate to the entity whether to accept the check based at least in part on the risk score.” Neither Carr nor Rees teaches or suggests, alone or in combination, determining a risk score associated with accepting a check

based on information about an authenticating mark. Rather, Carr describes authenticating a check based on whether the mark is present or not while Rees describes using pre-defined rules and internal and external databases to determine whether to approve or decline the transaction, or refer the transaction to a Transaction Center operator but does not mention generating a risk score. Furthermore, neither reference teaches or suggests indicating whether to authorize the transaction based on such a risk score. For at least these reasons, the Applicants request withdrawal of the rejection and allowance of claims 5-14.

Claim 15, upon which claims 16-23 depend, recites in part “receiving from an entity information about at least one authenticating mark on a check associated with a proposed check transaction; determining a risk score associated with the proposed check transaction based at least in part on the information about the authenticating mark; and indicating to the entity whether to accept the check based at least in part on the risk score.” Neither Carr nor Rees teaches or suggests, alone or in combination, determining a risk score associated with a check transaction based on a information about an authenticating mark. Rather, Carr describes authenticating a check based on whether the mark is present or not while Rees describes using pre-defined rules and internal and external databases to determine whether to approve or decline the transaction, or refer the transaction to a Transaction Center operator but does not mention generating a risk score. Furthermore, neither reference teaches or suggests indicating whether to accept the check based on such a risk score. For at least these reasons, the Applicants request withdrawal of the rejection and allowance of claims 15-23.

Claim 24, upon which claim 25 depends, recites in part “a computer processor configured to receive information about at least one authenticating mark on a negotiable instrument associated with a proposed financial transaction, the computer processor further configured to determine a risk score associated with the proposed financial transaction based at least in part on the information about the authenticating mark.” Neither Carr nor Rees teaches or suggests, alone or in combination, determining a risk score for a transaction based on

information about an authentication mark. Rather, Carr describes authenticating a check based on whether the mark is present or not while Rees describes using pre-defined rules and internal and external databases to determine whether to approve or decline the transaction, or refer the transaction to a Transaction Center operator but does not mention generating a risk score. For at least these reasons, the Applicants request withdrawal of the rejection and allowance of claims 24 and 25.

Claim 26, upon which claims 27-36 depend, recites in part “receiving information about at least one authenticating mark on a negotiable instrument presented in association with a proposed financial transaction; determining a risk score associated with the proposed financial transaction based at least in part on the information about the authenticating mark; and indicating to an entity whether to accept the negotiable instrument based at least in part on the risk score.” Neither Carr nor Rees teaches or suggests, alone or in combination, determining a risk score for a transaction, e.g., based on an authenticating mark. Rather, Carr describes authenticating a check based on whether the mark is present or not while Rees describes using pre-defined rules and internal and external databases to determine whether to approve or decline the transaction, or refer the transaction to a Transaction Center operator but does not mention generating a risk score. Furthermore, neither reference teaches or suggests indicating to an entity whether to accept the negotiable instrument based at least in part on the risk score. For at least these reasons, the Applicants request withdrawal of the rejection and allowance of claims 26-36.

Claim 37, upon which claims 38-44 depend, recites in part “a point-of-sale device installed at a check-cashing entity, wherein the point-of-sale device is configured to obtain data about one or more authenticating marks on a check associated with a proposed check transaction; a database of information about authenticating marks; a computer processor configured to receive the data from the point-of-sale device and to compare the data with information stored in the database; and a check authorization system configured to determine a risk score based at least in part on the comparison, the check authorization system further configured to determine based

at least in part on the risk score whether to authorize the check transaction.” Neither Carr nor Rees teaches or suggests, alone or in combination, determining a risk score for a transaction, e.g., based on a comparison of information from an authentication mark such as a watermark to saved information about such marks. Rather, Carr describes authenticating a check based on whether the mark is present or not while Rees describes using pre-defined rules and internal and external databases to determine whether to approve or decline the transaction, or refer the transaction to a Transaction Center operator but does not mention generating a risk score. Furthermore, neither reference teaches or suggests determining whether to authorize the transaction based on such a risk score. For at least these reasons, the Applicants request withdrawal of the rejection and allowance of claims 1-4.

Claim 45 recites in part “means for receiving from a check-cashing entity information about at least one authenticating mark on a check associated with a proposed check-cashing transaction; means for determining a risk score associated with the proposed check-cashing transaction based at least in part on the information about the authenticating mark; and means for indicating to the check-cashing entity whether to accept the check for cashing based at least in part on the risk score.” Neither Carr nor Rees teaches or suggests, alone or in combination, determining a risk score for a transaction based on information about an authenticating mark. Rather, Carr describes authenticating a check based on whether the mark is present or not while Rees describes using pre-defined rules and internal and external databases to determine whether to approve or decline the transaction, or refer the transaction to a Transaction Center operator but does not mention generating a risk score. Furthermore, neither reference teaches or suggests indicating whether to accept the check based on such a risk score. For at least these reasons, the Applicants request withdrawal of the rejection and allowance of claim 45.

CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 303-571-4000.

Respectfully submitted,

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